

16 APR 1949

964

EUROPE

1. YUGOSLAVIA: US clarifies trade policy-- The Department of State has informed US Embassy Belgrade that the US does not intend at this time to attempt to exact political concessions from Yugoslavia as the price for further relaxing trade restrictions. The Department adds that the US continues to regard Greece as the first possible exception to the present policy of not imposing political conditions as a part of trade relations.

CIA/S

FAR EAST

2. CHINA: Acting President Li requests US issue statement-- Ambassador Stuart in Nanking transmits a request from President Li that the US issue a deterring statement to the effect that Communists crossing the Yangtze would be considered a threat to the security of the US and that, should such a military operation be undertaken, the US would have to give consideration to appropriate measures to be taken. The ambassador expresses the opinion that Li's appeal is further evidence of his desperate position and the small confidence he places in current peace negotiations. Ambassador Stuart recommends that no such US statement be made unless the US is prepared to back up the statement by some kind of effective assistance.

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